

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF CALIFORNIA**



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Order Instituting Rulemaking into Policies
to Promote a Partnership Framework
Between Energy Investor Owned Utilities
and the Water Sector to Promote Water-Energy
Nexus Programs.

Rulemaking 13-12-011
(Filed December 19, 2013)

**COMMENTS OF CALIFORNIA WATER ASSOCIATION ON
ASSIGNED COMMISSIONER'S RULING ENTERING
WORKSHOP REPORTS INTO THE RECORD
AND SEEKING COMMENTS**

John K. Hawks
Executive Director
CALIFORNIA WATER ASSOCIATION
601 Van Ness Avenue, Suite 2047
Mail Code #E3-608
San Francisco, CA 94102-3200
Tel: (415) 561-9650
Fax: (415) 561-9652
E-mail: jhawks@calwaterassn.com

NOSSAMAN LLP

Martin A. Mattes
Jill N. Jaffe

50 California Street, 34th Floor
San Francisco, CA 94111
Tel: (415) 398-3600
Fax: (415) 398-2438
E-mail: mmattes@nossaman.com

Attorneys for CALIFORNIA WATER
ASSOCIATION

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In response to the Assigned Commissioner’s Ruling Entering Workshop Reports into the Record and Seeking Comments (“Ruling”), issued October 5, 2016, and the email ruling from Administrative Law Judge Cooke, dated October 9, 2016, extending the deadline to file comments on the Ruling, California Water Association (“CWA”) hereby submits its comments on the following topics: (1) data collection and data sharing; (2) leak detection; (3) telecommunication gaps that affect water system management; (4) water system greenhouse gas emissions footprints; (5) watershed management pilots; and (6) disaster response planning.

CWA is a statewide association representing the interests of investor-owned water utilities that are subject to the jurisdiction of the California Public Utilities Commission (“Commission”), including the Class A and Class B water utilities, all of which are actively pursuing water conservation projects in the context of the ongoing drought conditions in California.

I.

INTRODUCTION AND BACKGROUND.

The Commission commenced this rulemaking to develop a partnership framework between energy utilities and the water sector—both Commission-regulated water companies and government-owned water agencies—to fund programs targeted to reduce both energy and water consumption. On April 27, 2015, Commissioner Sandoval issued a Scoping Ruling to expand the scope of this proceeding to address issues raised by Governor Brown’s Executive Order B-29-15 relating to the drought emergency. The Scoping Ruling also added the water-energy-communications nexus to the scope of the proceeding. This topic includes an evaluation of the link between access to broadband service and the implementation of water-energy nexus programs and the execution of other aspects of water system management.

Commissioner Sandoval’s October 5, 2016 Ruling provides an overview of six workshops on the drought and the water-energy-communications nexus that occurred during the past two years. The Ruling also introduces into the record six workshop reports, comments from the Edison Electric Institute, and poses questions about meta-themes on the following topics: communications; agricultural sector needs for communications facilities and services to optimize water and energy needs; distributed energy resource communications requirements; distributed water facilities, water production and watershed communications needs; watershed management; communications facilities for disaster response; leak reduction; and data privacy, security, and sharing. The workshops, reports, and meta-themes raise many issues of great importance to the State, and to CWA’s members.

CWA comments on the following topics: (1) data collection and data sharing; (2) leak detection; (3) telecommunication gaps that affect water system management; (4) water

system greenhouse gas emissions footprints; (5) watershed management pilots; and (6) disaster response planning. In these comments, CWA also clarifies the summary of the comparison of water company data from 2013 and 2014 that is presented in the report on the August 13, 2014 workshop.

II.

DATA COLLECTION AND DATA SHARING.

CWA has long-advocated in this proceeding for the Commission to adopt rules to safeguard the confidentiality of water customer Advanced Metering Infrastructure (“AMI”) data.¹ The Commission has acknowledged the importance of this issue, stating in Decision (“D.”) 16-06-010 that “[w]e agree that protection of water and energy customer data is an important element of the pilots.”² However, the Commission declined to adopt such rules in D.16-06-010, explaining that the “Commission has previously established data privacy requirements in D.11-07-056, D.12-08-045, D.13-09-025, and D.14-05-016. PG&E’s Third-Party Security Review process stemmed from the requirements of those decisions, specifically D.11-07-056, Attachment D, Rule 6.b, and there is no need to reinvent the requirements for purposes of these pilots.”³

CWA respectfully submits, however, that the issue of data privacy is far from resolved. In light of the questions posed in the Ruling, and the emphasis on data sharing in the workshop report and summary developed from the June 9-10, 2016 workshops convened by the

¹ Comments of California Water Association on Administrative Law Judge’s Ruling Regarding Changes to Water-Energy Avoided Cost Tools and Advanced Meter Infrastructure Proposals, dated March 4, 2016, pp. 5-6; *see also* Comments of California Water Association on the Proposed Decision of Commissioner J.K. Sandoval, dated May 24, 2016, pp. 3-6.

² *Order Instituting Rulemaking into Policies to Promote a Partnership Framework between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs*, D.16-06-010 (June 16, 2016), p. 20.

³ *Id.*

UC Davis Center for Water-Energy Efficiency on the topic of “Establishing a Cloud-Based Water and Energy Data Platform” (the “UC Davis Workshop Report and Summary”)⁴, and the July 10, 2015 and August 13, 2014 Commission workshop reports, CWA renews its request that the Commission adopt rules to safeguard water customer data. Moreover, such protections should not be limited to the AMI context. Privacy protections and security protocols are particularly important in light of the recent efforts to develop a cloud-based data sharing platform for water data. Cloud-based platforms are prone to hacks and other security threats, particularly where there are many authorized users. As recently as October 19, 2016, during the Commission’s Safety En Banc hearing, Pacific Gas and Electric Company reported that its information technology system is subject to 800 million “probes” per month, many by foreign nationals seeking to find a weakness in PG&E’s cyber security infrastructure in order to hack into its system. CWA’s members are very concerned about protecting their customers’ privacy and the security of their customers’ data, and urge the Commission to take affirmative steps to ensure that data linked to water utility customers remains private and protected.

Protecting water customer data is consistent with the Commission’s actions in the energy and gas arenas, where the Commission has previously determined that customer usage data is confidential and that the privacy of utility customers should be protected.⁵ In Rulemaking 08-12-009, the Commission adopted rules to protect smart meter usage data for electric customers and gas customers in light of the enactment of legislation that specifically protects

⁴ See, generally, UC Davis Workshop Report and Summary (provided as Attachment E to the Ruling).

⁵ See, e.g., *Rulemaking to Determine Whether Sharing of Customer Information Between Regulated Water Utilities and Regulated Energy Utilities/Municipal Energy Providers Should be Required; and if so, to Develop the Rules and Procedures Governing Such Sharing*, D.11-05-020 (May, 5, 2011) (discussing the need to ensure customer confidentiality); *Rulemaking to Consider Smart Grid Technologies Pursuant to Federal Legislation and on the Commission’s Own Motion to Actively Guide Policy in California’s Development of a Smart Grid System*, D.11-07-056 (July 28, 2011) (discussing privacy protections applicable to smart meter data for gas and electric utilities).

energy and gas consumption data.⁶ In that proceeding, the Commission adopted policies governing access to customer usage data by customers and third parties and also adopted rules for protecting the security of those data.⁷ Those rules are entitled “Rules Regarding Privacy and Security Protections for Energy Usage Data.”⁸

In contrast to the Commission’s extensive consideration of rules to protect the privacy and confidentiality of electric and gas customer usage data, the Commission has not expressly considered rules to protect the privacy and security of water customer data. Moreover, while D.16-06-010 addresses some of the privacy concerns related to AMI data, namely protections for AMI usage data in the hands of a third party contracting with an energy utility or a water company, it does not address how water utilities themselves must protect and handle water customer AMI usage data or the confidentiality protections afforded to such data in any other context.

CWA respectfully requests that the Commission take steps to protect the confidentiality of water customer data, including, but not limited to, AMI data. Following the launch of the AMI partnership pilots, CWA’s members will start to collect granular data regarding their customers’ water consumption patterns. Research groups and public agencies are expressing an increased interest in water utility data, as is clear from the UC Davis Workshop Report and Summary, and the July 10, 2015 and August 13, 2014 workshops. CWA is concerned that its members could be subject to a Pandora’s Box of data requests from third parties, and that any data submitted to public agencies would be subject to Public Records Act requests given the current state of controversy over the extent of legislative protection for such

⁶ See Pub. Util. Code §§ 8380, 8381 (Senate Bill 1476, adopted in 2010).

⁷ See D.11-07-056; *see also*, D.12-08-045 (extending privacy protections to customers of gas corporations, community choice aggregators, and electric service providers).

⁸ See D.11-07-056, Attachment D.

data. Accordingly, CWA respectfully requests that the Commission adopt rules confirming the confidentiality of water customer data. Such rules should be commensurate with the privacy protections afforded to electric and gas customers and would be consistent with the Commission's efforts to ensure the protection of customer confidentiality and usage information. CWA further requests that the Commission decline to require the water companies to disclose granular water customer data to public agencies until legislation is adopted that adequately protects the confidentiality of that data.

III. LEAK DETECTION.

CWA and its members have actively pursued various initiatives to address water loss due to leaks. In that vein, CWA has requested Commission approval of AMI pilot projects and advocates that the Commission endorse a policy in favor of AMI implementation. The water companies also regularly propose accelerated pipeline replacement projects in their general rate cases ("GRCs") and are engaged in efforts to develop implementing regulations for validated water loss audits pursuant to Senate Bill ("SB") 555.

CWA requested that the Commission consider AMI in this proceeding because, due to the drought and the "State Water Resources Control Board's . . . promulgation of emergency regulations requiring per-utility conservation targets, there is an immediate need to provide customers with real-time information on their water consumption."⁹ AMI will provide water customers and water utilities with the information necessary to monitor water usage in real time, conserve water and better manage the drought, and, in turn, potentially reduce energy usage.

⁹ Comments of California Water Association on Navigant's Revised Final Report, the Cost-Effectiveness Calculator, and Water-Energy Nexus Cost Allocation Issues, dated June 10, 2015, p. 2.

The Commission agreed, and held a workshop to consider AMI partnership pilots.¹⁰ The Commission also clarified that “the pilots directed here are to complement, not displace, any already ongoing work in this area.”¹¹ The Commission approved several of these AMI pilots in D.16-06-010.

CWA further requested that the Commission endorse AMI implementation in comments it submitted in the Balanced Rates rulemaking, R.11-11-008.¹² There, CWA explained that:

The benefits of AMI include near real-time customer feedback on usage, technology to assist customers in reducing their usage to meet State-mandated water reduction targets, early detection of drinking water supply contamination risk due to backflow incidents, cost avoidance in meter reading, fleet, and service call expenses, superior leak detection, faster theft or loss detection, and reduced waste of purchased and/or produced water, as well as customer specific notifications. Manual read meters and AMR (automated meter reading) meters do not have the same capabilities.¹³

In other words, AMI will enable water utilities to monitor and correct leaks or other unusual usage and to achieve more effective conservation and more efficient operations.

The Proposed Decision in the Balanced Rates proceeding, if approved, would require water companies to use AMI when converting flat rate customers to meters, for replacement of aging or broken meters, and for new construction.¹⁴ The Proposed Decision further states that “action is necessary to switch investment from analog meters which cannot provide the real-time

¹⁰ *Order Instituting Rulemaking into Policies to Promote a Partnership Framework between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs*, D.15-09-023, (September 17, 2015), p. 47.

¹¹ *Id.*, p. 47 fn 78.

¹² Comments of California Water Association on the October 13-15, 2015 Workshop, dated November 16, 2015, pp. 17-22.

¹³ *Id.*, pp. 17-18 (emphasis added).

¹⁴ *Order Instituting Rulemaking into Policies to Promote a Partnership Framework between Energy Investor Owned Utilities and the Water Sector to Promote Water-Energy Nexus Programs*, Proposed Decision, R.11-11-008, mailed October 7, 2016, p. 8.

information and leak detection data that AMI enables.”¹⁵ The Proposed Decision concludes that “AMI is a prudent investment of ratepayer dollars as compared to analog meters which lack functions such [as] prompt leak detection.”¹⁶

CWA commends the efforts the Commission has taken in this proceeding and in the Balanced Rates proceeding to support the water utilities’ implementation of AMI technology. The Commission’s continued support of AMI will accelerate leak detection efforts. And, leak detection is considered a low hanging fruit to increase water conservation efforts.

Additionally, CWA’s member companies engage in ongoing efforts to replace aging or undersized pipelines. Among other issues, as pipelines approach the end of their useful life, they are more prone to leaks. CWA’s member companies request approval for pipeline replacement programs in their GRCs, but the Office of Ratepayer Advocates (“ORA”) often has challenged funding for such programs and the scale of such programs often has been substantially reduced. Moving forward, CWA requests that the Commission consider the importance of leak reduction, and approve full funding for such programs given the ongoing drought and the role leak detection and reduction play in reaching State-mandated conservation goals.

CWA’s member companies also are diligently working to implement SB 555, which requires each urban retail water supplier on or before October 1, 2017, to submit a completed water loss audit report for the previous year to the Department of Water Resources.¹⁷ The California-Nevada section of the American Water Works Association (“AWWA”) and the California Water Loss Collaborative have developed a Water Loss Technical Assistance Program (“Water Loss TAP”) to assist urban retail water suppliers in completing validated water

¹⁵ *Id.*

¹⁶ *Id.*, p. 65.

¹⁷ *See* Water Code § 10608.34.

loss audits. All of the Class A water companies and most of the Class B water companies are participating in the Water Loss TAP.

CWA recommends that the Commission continue to support its members' efforts to implement AMI, accelerate pipeline replacement programs, and comply with SB 555. These actions will go a long way towards improving leak detection and reducing water losses due to leaks.

IV.

TELECOMMUNICATIONS AND WATER SYSTEM MANAGEMENT.

CWA's members are not subject to telecommunications gaps that warrant attention in this proceeding. CWA's members request upgrades to their Supervisory Control and Data Acquisition ("SCADA") systems in their individual GRCs on an as-needed basis, and the Commission's approval of SCADA upgrades has permitted water companies to maintain systems necessary for safe, reliable water service. Consequently, CWA does not recommend that the Commission adopt special telecommunications tariffs for the purpose of improving water companies' operations. Further, CWA cautions the Commission against approving any telecommunications tariffs that might involuntarily impose increased fees on water utilities.

IV.

WATER SYSTEM GREENHOUSE GAS EMISSIONS FOOTPRINT.

CWA's members are well versed in alternative energy options that could reduce the greenhouse gas emissions associated with their operations. In fact, CWA's member companies have proposed greenhouse gas emissions reducing projects, such as in-conduit hydro-turbine installations and solar projects. However, ORA generally has opposed water company proposals for these projects and the Commission often has disallowed them. Hydro-turbines installed in

over-pressured water lines are a no-brainer option, and a generic decision approving Tier 2 Advice Letter approval for putting such projects in rate base would be of immediate value.

CWA's member companies also participate in renewable energy initiatives, such as net energy metering ("NEM"). However, one roadblock that has prevented CWA's members from fully utilizing NEM tariffs, such as the tariffs approved pursuant to Resolution E-4610 authorizing energy IOUs to implement NEM aggregation tariffs pursuant to SB 594, is that SB 594 provides that an "eligible customer-generator with multiple meters [may] elect to aggregate the electrical load of the meters located on the property where the generation facility is located, and on all property adjacent or contiguous to the property on which the generation facility is located, if those properties are solely owned, leased, or rented by the eligible customer-generator."¹⁸

Some water companies have a number of non-contiguous well or booster pump locations of small physical size that use large amounts of energy. It may be infeasible to install multiple distributed generation systems on small dispersed well or pump station sites throughout a service area. One solution to this challenge is a tariff that would permit a water company to install distributed generation on a few larger properties and then aggregate the power generated by those systems against electric meters throughout its service area.

CWA recommends that the Commission consider whether it has the authority to direct the electric utilities to adopt revised NEM tariffs pursuant to Resolution E-4610 that permit water companies to take service under such tariffs without the requirement that the generation facility be located adjacent to, contiguous to, or where the aggregated electric meters (electric load) are located. Knowing how contentious the NEM issue is within the electric utility industry, CWA is merely pointing out the challenge water utilities face in adopting a distributed

¹⁸ Public Utilities Code § 2827(h)(4)(A) (emphasis added).

generation option. It is up to the Commission to determine the policy outcome as to whether water utilities should be able to take service from revised NEM tariffs.

CWA's members also are unable to take advantage of several energy utility tariffs that promote alternative energy resources because such tariffs are not available to water companies. One example is PG&E's tariff, Schedule RES-BCT, authorized by Commission Resolution E-4283. Schedule RES-BCT permits local governments¹⁹ to generate energy on one account and receive a bill credit on another "benefiting" account so long as both facilities are owned and operated by the same local government. CWA's members would be interested in taking service under this type of tariff and request that the Commission authorize distributed generation tariffs that provide the same benefits to water companies that are afforded to public water agencies to the extent permitted by California law.

IV.

WATERSHED MANAGEMENT AND DISASTER RESPONSE PLANNING.

CWA's member companies engage in watershed management efforts and disaster response planning in the course of their daily operations. They have met these responsibilities for many years and have substantial expertise specific to their local circumstances. The necessary efforts are unique to each water company and are not well suited to general policy requirements or restrictions. For example, watershed management presents location-specific issues of property ownership, local permitting, environmental protection, among other issues. A broad mandate might result in a lot of expense and frustration with little benefit.

¹⁹"Local government" is defined in Public Utilities Code § 2830(a)(6) as "a city, county, whether general law or chartered, city and county, special district, school district, political subdivision, or other local public agency, but shall not mean a joint powers authority, the state of any agency or department of the state, other than an individual campus of the University of California or the California State University."

IV.

CLARIFICATION REGARDING THE AUGUST 13, 2014 WORKSHOP REPORT.

The workshop report on the August 13, 2014 workshop summarizes a presentation by Jack Hawks, Executive Director of CWA, on pages 12-13. Mr. Hawks' presentation during that workshop addressed the water companies' conservation efforts pursuant to Commission Resolution W-5000, and the impact of tariff Rule 14.1. Mr. Hawks presented data that showed average customer water consumption by company in 2014 compared to 2013. CWA clarifies the statement on page 12 that "[e]ven companies that show slight decrease do not alleviate any drought concerns." Mr. Hawks explained during the workshop that even though water consumption increased from 2013 to 2014 in some areas, overall water use decreased after the water companies adopted Rule 14.1, which provided evidence that the Rule, as well as the water companies' outreach efforts, resulted in real decreases in water consumption.

V.

CONCLUSION.

CWA appreciates the Commission's focus on the water-energy-communications nexus and the important issues discussed in the Ruling. CWA requests that the Commission extend the rules governing the privacy and security of energy and gas customer data to water customer data. CWA's members are actively engaged in efforts to detect and reduce leaks and have pursued projects to reduce water system greenhouse gas emissions, but needs the Commission's support to pursue these initiatives more intensively.

John K. Hawks
Executive Director
CALIFORNIA WATER ASSOCIATION
601 Van Ness Avenue, Suite 2047
Mail Code #E3-608
San Francisco, CA 94102-3200
Tel: (415) 561-9650
Fax: (415) 561-9652
E-mail: jhawks@calwaterassn.com

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Respectfully submitted,

NOSSAMAN LLP

Martin A. Mattes
Jill N. Jaffe

By: /s/ Martin A. Mattes
Martin A. Mattes

50 California Street, 34th Floor
San Francisco, CA 94111
Tel: (415) 398-3600
Fax: (415) 398-2438
E-mail: mmattes@nossaman.com

Attorneys for CALIFORNIA WATER
ASSOCIATION